

ADOPTED 2006 BUDGET

DEPT: HUMAN RESOURCE AND PAYROLL SYSTEM

UNIT NO. 1921
FUND: General - 0001

OPERATING AUTHORITY & PURPOSE

Pursuant to the provisions of Section 59.51(2) of the Wisconsin Statutes, the County Board may represent the County and have management of the

business and concerns in all cases where no other provision is made.

BUDGET SUMMARY				
	2004 <u>Actual</u>	2005 <u>Budget</u>	2006 <u>Budget</u>	2005/2006 <u>Change</u>
Services	\$ 0	\$ 0	\$ 3,396,000	\$ 3,396,000
Abatements	0	0	(539,400)	539,400
County Service Charges	0	0	200,000	200,000
Direct Tax Levy	\$ 0	\$ 0	\$ 3,056,600	\$ 3,056,600

BUDGET HIGHLIGHTS

This fund is created to account for the adoption by the County Board and County Executive (File No. 05-145 (a)(a)) in July 2005 directing the Department of Administrative Services to execute a contract with Ceridian Corporation as the solution for a fully hosted payroll, human resources, and benefits management service.

The \$3,596,000 budget includes \$2,346,000 in one-time implementation costs, \$1,250,000 in annual operating costs for 2006. These costs are outlined below and were also included in the fiscal note in File No. 05-145 that was approved in July 2005.

DAS will implement a crosscharge for HRIS costs in 2006. A crosscharge should capture revenue from revenue-producing departments. The estimated revenue recovery is \$539,400, or 15% of total expenditures.

The total cost for replacement of the HR and Payroll System is \$10,048,580. This consists of \$3,400,000 in implementation costs and \$6,648,580 in annual operating costs for ongoing services from 2006-2010.

Annual operating costs for ongoing services are \$1,250,000 in 2006 for nine months of service, \$1,662,145 each year from 2007-2009 and \$412,145 in 2010 for the final three months of service.

Implementation costs total \$3,400,000 and will be financed in 2005 and 2006. Since the County will be purchasing services, most of the costs are not eligible for bond financing. The purchase of equipment for the replacement of the HR and Payroll

system is \$427,000 and will be financed with general obligation bonds.

Costs for 2005 total \$1,029,000 and will be financed with \$402,000 in general obligation bonds for the equipment purchase and \$210,000 in sales tax revenue for staffing costs budgeted in the 2005 Adopted Capital Improvements Budget. The balance of \$417,000 in service costs for 2005 will be requested from the contingency fund. An appropriation transfer will be submitted by the Information Management Services Division (IMSD) to request \$417,000 in cash from the contingency fund to finance service costs for 2005 in a newly created non-departmental budget (Org. 1921-Human Resource and Payroll System).

Costs for 2006 total \$2,371,000 and will be financed with \$2,346,000 in cash financing in the 2006 operating budget for Org. 1921 - Human Resource Payroll System and \$25,000 in general obligation bonds budgeted in the 2005 Capital Improvements Budget for the balance of the equipment.

Under the new HRIS system, Milwaukee County employees will use online self-service tools to report their time and change their benefits, creating operational efficiencies. Ceridian will manage the detail of position history, organizational hierarchy, payroll calculations, applicant recruitment, and distribution of deposit notices and related reports.

The recommendation to select Ceridian as the HRIS vendor came after three years of systematic discussion, analysis, and investigation of the HRIS needs of Milwaukee County.